

## Section 3. Tax Return Information

### 1 *Employee Disclosure Responsibilities*

Employees may not access or disclose any tax return or information pertinent to a tax return related to their personal accounts, those of family, friends, or public figures. IRM 1272: 200, Disclosure of Official Information Handbook, states in part:

Service employees may access returns and return information when there is a “need to know” the information for their tax administration duties. This is important in maintaining the confidentiality of information in the custody of the Service.

Before disclosing returns or return information to other Service personnel, employees should satisfy themselves that the recipient has an official need for the information. A supervisor should be consulted if there is doubt that disclosures are proper.

### 2 *Master File Returns*

Delinquent returns of the type and periods listed below are processed under regular ADP Master File procedures in all regions.

<b>Form</b>	<b>First Valid Period Ending</b>
CT-1	03-31-1962
11C	01-01-1961*
706	All ADP
706GS(D)	All ADP
706GS(T)	All ADP
706NA	All ADP
709	12-31-1961
709A	12-31-1980
720	03-31-1962
730	01-01-1961*
940	12-31-1961
940-EZ	12-31-1989
940PR	12-31-1961
941	03-31-1962
941E	03-31-1962
941PR	03-31-1962
941SS	03-31-1962
942	03-31-1962- 12-31-1994
943	12-31-1961

\* Period Beginning

<b>Form</b>	<b>First Valid Period Ending</b>
943PR	12-31-1961
945	12-31-1994
990	12-31-1970
990C	12-31-1961
990-EZ	12-31-1989
990PF	01-31-1970
990T	12-31-1961
1040	12-31-1962
1040A	12-31-1972
1040,Sc H	03-31-1995
1040EZ	12-31-1982
1040NR	12-31-1962
1040PR	12-31-1962
1040PC	12-31-1992
1040NR	12-31-1962
1040SS	12-31-1962
1040TEL	12-31-1996
1041	12-31-1961
1041A	12-31-1970
1041PF/5227	01-31-1970
1041QFT	12-31-1998
1042	12-31-1985
1065	12-31-1961
1066	12-31-1987
1120	12-31-1961
1120A	12-31-1984
1120 FSC	01-31-1985
1120F	12-31-1961
1120SF	08-31-1984
1120F	12-31-1961
1120FSC	01-31-1985
1120H	01-31-1974
1120IC-DISC	12-31-1961
1120L	12-31-1961
1120M	12-31-1961
1120ND	12-31-1984
1120PC	01-31-1987

\* Period Beginning

<b>Form</b>	<b>First Valid Period Ending</b>
1120POL	12-31-1975
1120REIT	01-31-1987
1120RIC	01-31-1987
1120S-K1	12-31-1961
1120S	12-31-1961
2290	01-01-1961*
4720	01-31-1970
5227	08-31-1969
5329	12-31-1975
5330	12-31-1969
5500	12-31-1975
5500C	12-31-1975
5500R	12-31-1980
7004	12-31-1961
8038-T	12-31-1996
8038-G	12-31-1996
8038-GC	12-31-1996
8609	12-31-1996
8610	12-31-1996
8693	12-31-1996
8823	12-31-1996
8752	03-31-1991

\* Period Beginning

Amended returns relative to the above periods and type, when received for periods prior to the original implementation date of the processing region, are manually processed in either the District Office or Service Center, depending on the date prescribed for transfer of manual processing operations to the Service Center.

### **3      *Processing Codes***

These codes are applicable only to IMF returns and are entered by the examiners in the Returns Analysis Branch.

#### **(1)   Filing Status Codes (IMF)**

<b>Code</b>	<b>Filing Status (1040,1040A,1040EZ)</b>
0	Single, filing declaration of estimated income tax
1	Single taxpayer.
2	Married taxpayer filing joint return.

Code	Filing Status (1040,1040A,1040EZ)
3	Married taxpayer filing a separate return and spouse is also filing a return (spouse exemption not claimed). Both must file using this status
4	Unmarried Head of household.
5	Widow(er) with dependent child.
6	Married filing separate return and spouse is not required to file a return (spouse exemption is claimed).
7	Married filing a joint Declaration of Estimated Income Tax.

Code	Filing Status (1040ES)
0	One name in name line.
7	Married filing a joint declaration of estimated income tax.

**(2) Exemption Codes (IMF)**

Only one exemption will be allowed for each primary and secondary taxpayer. Therefore up to six positions will be coded on the input return, starting from the position representing "Children at Home". Master File output will continue to reflect values 1-4 in positions 1 and 2.

Coding Pos.	IMF Pos.	Range	Applicable to
—	1	1–4	Primary Taxpayer (Regular, age 65 and over, or blind).
—	2	1–4	Secondary Taxpayer (Regular, age 65 and over, or blind).
1	3	0–9	Number of Exemptions for Children who live at home.
2	4	0–9	Number of Exemptions for Children living at a different address due to divorce or separation.
3	5	0–9	Number of Parents claimed as dependents.
4	7	0–9	Number of Other Dependents.
5	6	0–9	Taxpayer claims Earned Income Credit, and dependents living at home do not include sons or daughters (i.e. input position 1 equals 0).
6	8	0–9	Overflow for Exemptions for Children living at home exceeding 9

**(3) Age/Blind Indicator**

(Form 1040, line 33a; Form 1040A, line 18a)

Pos.	Range	Applicable To
1	0–1	Primary Taxpayer 65 or over.
2	0–1	Primary Taxpayer blind.
3	0–1	Secondary Taxpayer 65 or over.
4	0–1	Secondary Taxpayer blind.

## 4 **Computer Condition Codes**

**Note:** (Also known as "Return Condition Codes")

Reference IRM 3(27)(68)

These are assigned by tax examiners or are computer generated. Computer programs for the processing and posting of tax returns data are based upon the recognition of these codes within a designated field in the appropriate tape record formats. Abbreviations sometimes used are BMF "B", EPMF "E", and IRAF "A". The IRAF condition codes require numeric input, but are posted with the alphabetic codes listed below. Presence of condition codes initiates action as explained on the following pages:

<b>Code on Return</b>	<b>Where Coded</b>	<b>File Using</b>	<b>Definition for Returns Processing</b>	<b>Action Initiated</b>
A	Returns Analysis Branch	B	<p>(1) Indicates that a non-penalty Form 2220 was submitted with a Form 1120/990C/990T/990PF.</p> <p>(2) Indicates Number of Employees line blank (SC processing only)</p>	<p>(1) If precomputed penalty amount differs from computer calculated penalty by more than tolerance amount CP 234 will be generated.</p> <p>(2) Bypasses Check for delinquent 1st quarter returns</p>
A	Returns Analysis Branch	E	<p>Used when a 1988 short year return is filed and processed on a 1987 form</p> <p>(1) Used when a Form 5330 indicates the excise tax is due under 4978A.</p> <p>(2) Enter on Form 5500, 5500C, and 5500R when obvious and readily available information has been entered on the register from attachments to resolve edit failures before any correspondence is issued.</p>	
B	Returns Analysis Branch	E	Indicates Schedule B (Form 5500) missing.	Bypasses check for Schedule B.
B	Returns Analysis Branch	B	<p>(1) Form 1120/1120S/1120SF/1120FSC/- 1120RIC/1120REIT/1120PC/1041/- 1065/1066/990C/990T. Taxpayer is electing out of the installment sales method (Form 6252) for sales made after October 19, 1980.</p> <p>(2) Form 941. Total Compensation field is significant but Social Security Wage/Medicare fields are insignificant.</p>	

<b>Code on Return</b>	<b>Where Coded</b>	<b>File Using</b>	<b>Definition for Returns Processing</b>	<b>Action Initiated</b>
C	Returns Analysis Branch	B	Form 940 only: Indicates an unexplained "exempt remuneration" was listed on taxpayer's return. Forms CT-1, 720, 941, 942, 943, 945 only: Indicates missing or inadequate explanation of an adjustment. Note: Used on 720 for periods 9312 and prior only.	Generates Taxpayer Notice requesting credit substantiation.
C	Returns Analysis Branch	E	Secured/Substitute Return	Bypass
D	Returns Analysis Branch	A/B	Reasonable cause for waiver of Failure to Pay Penalty. IRAF input: 30.	Freezes computer generation of Failure to Pay Penalty on the unpaid liability.
D	Returns Analysis Branch	E	Indicates a Form 5500 series return where filer began and ended his plan year on the first day of the month and the last day of the prior month has been edited as the plan year ending.	
E	Returns Analysis Branch	B	Identifies a taxpayer who has indicated on his/her return that excess deposits are to be applied to next return (Forms 940, 940-EZ, 941, 943, 945, 720 or 1042), or has failed to indicate whether excess should be applied to the next return.	In the cycle the return posts, applies excess deposits to the same class of tax for the subsequent period.
F	Returns Analysis Branch	B/A/E	Indicates final return filed (applies to all BMF returns except 706). IRAF input: 31	Generated for 5500, 5500C, 5500EZ when return meets the conditions that indicate a final return. Deletes Filing Requirements for the particular return.
G	Returns Analysis Branch	B/E/A	Indicates an amended, corrected, supplemental, tentative, or revised return. (Applies to all BMF returns except setting of freeze on Form 1065). IRAF input: 32.	Posts remittance, if any, to module and freezes refund. Generates a DO Notice if original return does not post within 4 weeks for BMF or IRAF, return due date. TC 976 generated to replace "G" coded TC 150 on the BMF.  EPMF: TC977 and sponsors entity information are posted to indicate an amended return has been filed
H	Returns Analysis Branch	B	Non-Service Center document with remittance deposited for the Service Center	No action—info only.

<b>Code on Return</b>	<b>Where Coded</b>	<b>File Using</b>	<b>Definition for Returns Processing</b>	<b>Action Initiated</b>
I	Returns Analysis Branch	B	Regulated futures contracts and tax straddles (Forms 1120, 1120S, 990C, 990T, 1065, 1041).	No action—info only.
I	Returns Analysis Branch	E	Indicates an incomplete return. Penalty may be assessed.	No action—info only.
J	Returns Analysis Branch	B	Returns are not subject to or are to be excluded from FTD penalty processing. Forms 720, 940, 941, 943, 945, 1042.	Bypass the FTD Penalty program
J	Returns Analysis Branch	E	Indicates a reinput return. Forms 5500, 5500C and 5500R	No Action—info only.
K	Returns Analysis Branch	B	Forms 1120 and 1120A (Identifies Interest Computations under the Look Back Method of completed Long Term Contracts (Form 8697)	No action—info only.
K	Returns Analysis Branch	E	Identifies one participant Keogh and corporate filers on 5500C and 5500R - only used prior to 7/92 processing.	
L	Returns Analysis Branch	B	(1) Rejected application for extension of time for filing 1120, 990C, 990T, 990PF, or 1041 return.  (2) Denied application for extension of time to file 1120's, 990C, 990T, 1065, 1041 or 1041S, 706, 706NA, 709, 720, 1065 or 1066 return.	(1) Posts 7004/2758/8736 application and any remittance.  (2) Posts the 7004/2758/8736 application and any remittance.
L	Returns Analysis Branch	E	Late Correspondence	SC generates a CCC "G"
M	Returns Analysis Branch	B	Indicates interest free adjustments for Forms 941/942/943/CT-1 label as "misclassified Employees" across the top of the returns.	
N	Returns Analysis Branch	B	Joint Committee Case sent to Examination Division (Form 1120 only).	Freezes module from off—setting or refunding. Freeze is released upon posting of an Audit or DP Tax Adjustment.
N	Returns Analysis Branch	E	Used to indicate that reason for late filing has not been established.	Upon Posting of TC 150/155, a transcript is generated for assessment of Delinquency Penalty.
O	Returns Analysis Branch	B	Identifies a return for which a pre-settlement manual refund was paid.	Freezes affected Tax Module unless or until a TC 840 transaction is posted.

Code on Return	Where Coded	File Using	Definition for Returns Processing	Action Initiated
O	Error Correction/Rejects	E	Used to indicate 1 day, or less than 1 month return - When day of Plan Year Beginning Date does not equal 01. (Form 5500, 5500-C and 5500-R).	Generates the next consecutive month as the tax period on the tax module transcript.
P	Error Corr.	B	Accept input figures for Alternative Minimum Tax on Form 1041.	Bypass check on Alternative Minimum Tax and continue computation.
P	Returns Analysis Branch	E	DOL Failed Edit Checks	Generated when a return is not perfected for a DOL item.
Q	Error Corr.	B	Forces Math Error Condition. Indicates manual computation return with a math error (Forms 1041 (except 1120S), 706, and 709).	
Q	Returns Analysis Branch	E	Indicates 5500 returns referred from DOL/PWBA to IRS	No action—info only
R	Returns Analysis Branch	B/A/E	Delinquent return with reasonable cause established or applicability of FTP penalty not determined. IRAF input: 33	Invalid to input Delinquency penalty.
S	Returns Analysis Branch	B	(1) Form 940 a) Prior to 1/1/83, indicates a missing "Tentative Credit" computation (Column 1-9) b) For tax periods 8512 and subsequent, applies to overpaid returns that do not specify application of the overpayment to the subsequent period (non-Credit Elect Returns).  (2) Forms 941/942/943/ - For tax periods 7712 or earlier, the code indicated a missing Schedule A condition. Prior to 1/1/83, the presence of this code caused issuance in certain cases of CP 178/879.  (3) Forms 941/943 - For tax periods 8412 and subsequent, applies to overpaid returns that do not specify application of the overpayment to the subsequent period (non-Credit Elect returns.)	Bypasses Credit Elect processing.



Code on Return	Where Coded	File Using	Definition for Returns Processing	Action Initiated
			(4) Form CT-1 - For tax periods 8512 and subsequent, applies to overpaid returns that do not specify application of the overpayment to the subsequent period (non-Credit Elect returns.)	
			(5) Form 945 - For tax periods 9412 and subsequent, applies to overpaid returns that do not specify application of the overpayment to the subsequent period (non-Credit Elect returns.)	
S	Returns Analysis Branch	E	Used to indicate short period return.	Bypasses unpostable check on plan year ending and allows return to post.
T	Returns Analysis Branch	B	Seasonal or Intermittent filer (valid on 941, 941E, 941SS and 941PR)	
T	Returns Analysis Branch	B	Form 8271, Investor reporting of Tax Shelter Registration (valid on 1120, 1120S, 1120A, 1065, 1041, 990, 990C, 990PF, 990T)	No action—information only on 1120, 1120S, 1120A, 1065, 1041, 990, 990C, 990PF, and 990T).
T	Returns Analysis Branch	B	Indicates the presence of Form 8271. (Valid on 1120, 1120S, 1120A, 1065, 1041, 990, 990C, 990PF, and 990T).	
U	Returns Analysis Branch	B/A	Transaction unprocessable.	If possible, document is perfected and reinput; if necessary, document is eliminated. Transaction is written on the SC Controls Data Tape and printed on the Reject Register.
U	Returns Analysis Branch	E	Essential information (EIN, sponsor name and address, plan number is not present and cannot be secured through research and no correspondence failures are present on 5500, 5500-C, 5500R and 5500EZ)	Letter 8007 will be generated
V	Returns Analysis Branch	B/A	Delinquent return with reasonable cause established or applicability of FTF penalty not determined. IRAF input: 34	Does not generate \$10 daily delinquency penalty.
V	Error Corrections/Rejects	E	Reasonable cause is present for line items being blank on 5500, 5500-C, 5500R and 5500EZ	
W	Returns Analysis Branch	B	Change of Accounting Period on Form 7004/2758.	Entity fiscal month changed to that on form 7004/2758.

<b>Code on Return</b>	<b>Where Coded</b>	<b>File Using</b>	<b>Definition for Returns Processing</b>	<b>Action Initiated</b>
W	Returns Analysis Branch	B	Return cleared by Statute	Bypasses statute checks on original input.
W	Returns Analysis Branch	A	Deceased Taxpayer IRAF input: 37	Generates TC 540, turns on death indicator in the IRA Entity.
X	Returns Analysis Branch	A	Indicates manual assessment may be needed. IRAF input: 35	Generation of transcript suppresses TP notices.
X	Returns Analysis Branch	B	Form 1065/1065B with remittance not related to penalties	Generates TC 570.
X	Returns Analysis Branch	E	EPMF Open Correspondence for required Information (data). Form 5500EZ only	
Y	Returns Analysis Branch & Error Corr.	B/A	Accept tax return as submitted (Forms 1041, 1065, 1120 Series, 990, 990C, 990PF, 5329, 1041A, 4720, 990EZ, 2290, and 5227). Grants filing extension if Form 7004/2758. IRAF input: 36	Computer accepts, posts, and settles on return as submitted on the MF; changes accounting period if appropriate. Extends time for filing 1041 or 1120.
Y	Error Correction/Rejects	E	Indicates that the filer is a 52-53 week filer on 5500, 5500-C, 5500R, 5500EZ	Bypass UPC 812 check and change the plan year ending to that shown on the input return
Z	Returns Analysis Branch	B	720 return with amounts not identified with abstract or category numbers. (Assigns temporary abstract No 80)	Generates taxpayer notice to submit missing abstract or category numbers.
1	Returns Analysis Branch	B	Indicates that Form 8824 is attached and Box A is checked.	
2	Returns Analysis Branch	B	Indicates that Form 8824 is attached and Box B is checked.	
3	Returns Analysis Branch	B	Identifies taxpayers who should not receive credit interest.	
4	Returns Analysis Branch	B	Indicates IRS prepared returns under IRS 6020(b) for Forms 720, 940, 941, 942, 943, 945 and CT-1; 2290, 11C, 730, 1041, 1042 and 1065.	
5	Returns Analysis Branch	B	Established for Form 1120 to indicate the election of installment payments under the Bank Holding Company Tax Act of 1976; also indicates Tax Straddles (Forms 1120, 1041, 990C and 990T).	

Code on Return	Where Coded	File Using	Definition for Returns Processing	Action Initiated
6	Returns Analysis Branch	B	Service Center programs generate a "Possession Tax Credit Indicator" of 1 on trans tape and then drop CCC 6. (Forms 1120/F/L/M/H/POL/PC).	
7	Reasonable cause denied during return analysis.	B	Identifies Reasonable Cause statement for failure to file or pay tax timely was considered and denied. (Do not use CCC "D" or "R"). See IRM 3(11)(16)6.4(e)	
8	Suppress computation of ES penalty and generation of CP234	B	Identifies annualized income was computed by taxpayer or "waiver" was written in the bottom margin of page 1, F1120 or line 6a, box F2220. Also used for F1120-PC, F1120L and consolidated 1120C on which Section 847 deduction is indicated. See IRM 3(11)(16)6.4(f)	
9	Returns Analysis Branch		Indicates the presence of LICH Forms 8586, 8609, 8611 and/or 8693	

## 5 IMF Computer Condition Codes

**Note:** (also known as "Return Condition Codes")

Reference IRM 3(27)(68)7.2

Computer Condition Codes (CCC) are used to identify a special condition or computation for the computer which posts to the Master File. They are entered in the upper portion of the filing status area of Form 1040/1040A, Form 1040EZ; to the left of the wages line and in the lower left corner of the entity information box on Form 1040PC. When CCC "3" is entered, it must be first.

Code	Explanation
1	Generated by Electronically Filed return QRP (Questionable Refund Project) processing which causes TC 150 to resequence 1 cycle.
2	Tax Shelter Detection Team non-selected return.
3	For C/GEN (at MCC) of Transaction Code 570 which freezes release of overpayment of account at the Master File.
4	Edited by Exam on an original return secured after a Substitute For Return (SFR) has been filed in place of the return.
5	Form 1040X showing one "yes" box checked for Presidential Election Campaign Fund.
6	Form 1040X showing two "yes" boxes checked for Presidential Election Campaign Fund.

<b>Code</b>	<b>Explanation</b>
7	Denial of Reasonable Cause for IDRS processing.
8	Refund and only a single W2 that is altered, typed substituted or hand written attached.
9	Secondary taxpayer deceased—Generate module for primary taxpayer.
A	Primary and secondary taxpayers deceased, generate and post TC 540, turn on 54 hold and update the filing requirement to 8.
B	Taxpayer has computed tax liability of "ZERO".
C	1040NR with IRC 6114
D	Designates military personnel eligible for an Extension to File. Used to generate 8 month extension to file.
E	Delete Filing requirements for taxpayers who are not deceased.
F	To delete primary taxpayers filing requirements (at MCC). On a joint return, generates module for secondary taxpayer.
G	Return is tentative, amended, superseding.
J	Filing Status Code 2, 3, or 6 with secondary SSN missing and "Amish/Mennonite" or "Form 4029" notated, or Form W-7 attached for the secondary taxpayer.
L	(For an overpaid decedent return) Refund is to be issued to the NAME-SECOND LINE beneficiary or person or the state-side spouse (on joint return) of Armed Forces personnel or others serving overseas.
M	Reasonable cause established by taxpayer for not paying the tax balance due. Suppresses FTP Penalty
N	Generates TC 460 for two month extension in filing.
O	Identifies a return for which a pre-settlement manual refund was paid; also C/GEN another code (at MCC) which freezes account from refunding.
P	Generated estimated tax penalty suppressed. Taxpayer has met an exception on Form 2210/2210F or meets reasonable cause criteria.
R	Delinquency cause is reasonable and acceptable; this code suppresses the C/GEN of delinquency penalty.
S	Indicates a return processed through RPS. Generated at MF from an indicator on SCRS.
U	Indicates no reply to correspondence and prevents generation of credit interest.
V	Indicates SE income has been reduced by at least \$100 or net earnings reduced below \$434 minimum.
W	Refund on an overpaid decedent return is to be issued with the NAME-FIRST NAME-SECOND lines interchanged on the refund check.
X	Indicates that an invalid SSN has been researched and the account creating transaction should be allowed to create an account without unposting 176.
Y	For any circumstance or condition which may cause the computer determined TOTAL TAX to be different from the taxpayer determined tax despite no taxpayer error; or when used in conjunction with Code F, it can change the accounting period (at MCC).
Z	For generating (at MCC) Transaction Code 340, which restricts the computation of interest for both balance due or a refund return, and to identify certain combat zone taxpayers entitled to an automatic statutory extension of time for filing a return.

## 6 **Returns Processing Codes (EPMF)**

<b>Code</b>	<b>Explanation</b>
A	Generated when there are 4 or less Schedule A'S in the record and all have policy to/ from dates that match plan year beginning/end.
B	Generated when End of Period Reformat Indicator contains "B", "M" or "R" and First Letter Date contains a date less than a determined date.
C	Generated when Computer Condition Code C or J is present. Valid for Forms 5500, 5500-C and 5500-R.
D	Generated to indicate a pure fringe benefit plan.
E	Generated when Type Plan Entity Indicator contains F. Valid for 5500-C and 5500-R.
F	Generated when Pension Features Code contains "D". Valid for Forms 5500, 5500C, and 5500R
I	Generated when Total Income Amount and Net Income Amount contains zeroes unless Fringe Benefit Plan Indicator contains 1 or 4. Valid on Form 5500-R.
M	Generated when Investment Arrangement Code = 1 and certain other conditions are present that indicate a master trust. Valid for Forms 5500, 5500-C only. Also, generated on the 5500 when Investment Arrangement Code contains a "Z" which indicates a 103-12 investment entity.
P	Generated when Type Pension Benefit Indicator contains 8, 9, or 0. Valid for 5500, 5500-C, 5500-R.
S	Generated when Julian Date of Tax Period (and day of Tax Period if present) minus the Julian Date of Plan Year Beginning Date is less than 364 or Plan Year Beginning Date is Blank and Short Period Report Indicator contains 1. Valid for 5500, 5500-C, 5500-R and 5500-EZ.
T	Generated for returns that have met the conditions required for final returns. Valid for 5500, 5500C and 5500R. (For actual conditions see IRM 3(12)(22)1.(13) and 3(12)(260)4.4.
U	(a) Generated when Computer Condition Code contains U. Valid on Form 5500, 5500-C, 5500-R, 5500EZ. (b) Generated on Forms 5500-C and 5500-R when Total Participants Beginning of Year is greater than 120.
W	Generated when Plan Number equals 501-999, valid for 5500, 5500-C, 5500-R.

\*These codes do not print on MFTRA or IDRS Transcripts

## 7 **Returns Processing Codes—Form 1040 (IMF)**

Reference IRM 3(27)(68)7.4

Returns Processing Codes (RPC) are used to identify a special condition or computation for the computer which does not post to the Master File.

They are entered on page 1, form 1040, 1040A, and 1040PC to the right of the total income line and to the right of box 5 of Form 1040EZ.

Enter all codes in sequence found.

<b>Code</b>	<b>Explanation</b>
A	Forces computer to accept EIC amount.
B	Forces computer to compute EIC to zero. Also edited when taxpayer indicates they do not want or qualify for EIC.
C	Married filing separately taxpayer who does not enter any of the income items but claims benefits of community property and reports pro-rata share of community income as adjusted gross income. The Community income states are: Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington and Wisconsin.
D	Taxpayer entered amount on Line 13 but did not attach Schedule D or notate "CGD".
E	Edited by Code & Edit for TY1996 returns when EIC child is under one month old and SSN is not present, or Year of Birth is 1997 and "Died" is indicated.
F	Edited by Code & Edit for TY1996 and TY1997 returns when dependents have a "valid" reason for not providing an SSN.
G	Forces service center computer to bypass generation of the error code 118 check.
J	Total Tax exceeds 50% of AGI.
K	Potential statute return cleared by Statutory Clearance Group.
H	Taxpayer notes the name of a National Disaster on his/her return.
I	TY98 through 96 and dependent born and died during the tax year with a TIN.
L	Tax return is blank (other than entity information) or contains all zeros or insignificant entries.
M	Indicates Form 2555EZ is attached.
N	Identifies non-employee compensation on Form 1040 or 1040A for Examination to assess self-employment tax liability.
P	Indicates Form 2106 or 2106-EZ is attached.
R	For tax years 1997 through 1995, "Former Yugoslavia" is noted on the return.
S	Taxpayer not subject to self-employment tax.
T	Estimated Tax Payments are present and no withholding present.
V	Edited by Code & Edit on Form 1040 and 1040A TY97 returns determined to be " <i>computer generated</i> ".
W	1040NR with Schedule SE attached.
Y	"LOOSE" Schedule H filed. Dummy 1040 is prepared
Z	Taxpayer not liable for Alternative Minimum Tax.
7	Taxpayer chooses to convert a traditional IRA to a ROTH IRA by attaching Form 8606 with a non-zero amount on Line 14B.

\*These codes do not print on MFTRA or IDRS Transcripts.

## **8      *Audit Codes—Form 1040 (IMF)***

Reference IRM 3(27)(68)8.(17)

<b>Code</b>	<b>Explanation</b>
B	Indicates a missing or incomplete Schedule C, D, E, F or Form 4797.
C	Reserved
D	High Income Non-filer identified by Collection
H	(a) Form 6926, 3520, 3520A, 2952, 3646, 5471 or 5713 is attached to the return. (b) Foreign Partnership (c) Foreign Trust Account
J	Form 1116 in excess of \$25,000 - PSC only
K	(a) Preparer identified by Compliance Division Criminal Investigation Staff (b) Refund Scheme Return/Refund Mill
L	(a) Joint Committee Case (b) Section 6501(d) or IR Code, Request for prompt audit or assessment. Also Schedule E, line 26 has a loss of \$30,000 or more and no Form 8582 is attached.
P	Tax Preference Item
Q	Form 8082 attached to the return
T	Form 5471 attached to the return
U	Form 8862 is present
W	Alternative Minimum Tax, depreciation other than straight line of \$250,000 or more.

## **9      *Audit Codes (BMF)***

Reference IRM 4100 (Corporation Returns)

<b>Code</b>	<b>Explanation</b>
1	Partnership Issues
2	International
3	Miscellaneous Criteria
4	Joint Committee
5	Foreign Owned U.S. Corporation
6	Foreign Bank Account Question
7	Reserved
8	Reserved
9	Reserved

**10      *Employment Codes (BMF)***

Employment Codes (EC) identify employers who are other than normal business employers.

<b>EC</b>	<b>Numeric Equivalent (Internal Use Only)</b>	<b>Employer</b>
F	6	Federal Employer
M	4	Maritime Industry Credit Freeze on refunds and offset out for Form 941 pending receipt of supplemental return recording wages paid to employees at sea.
S	2	Foreign Subsidiary having filed Form 2032 to extend SS coverage to certain employees of the subsidiary.
W	3	Non-profit organization exempt from FUTA (Form 940/940-EZ) withholding. (Sec. 501(C)(3)IRC)
C	8	Form 8274 filed by church or church controlled organization to elect not to pay FICA tax for their employees.
T	1	State or local agency that has entered into a 218 agreement with SSA.
N		Non-Profit Organization subject to FICA
-	9	Deletes employment codes.



# 11      ***Social Security Tax Rate Table (Formerly FICA)***

Year	Wage Limitation	Employee Rate%	Employer Rate%	Total Rate%	Year	Self-Employment On Income From	Rate%
1975	14,100	5.85	5.85	11.7	1975	400 to 14,100	7.9
1976	15,300	5.85	5.85	11.7	1976	400 to 15,300	7.9
1977	16,500	5.85	5.85	11.7	1977	400 to 16,500	7.9
1978	17,700	6.05	6.05	12.1	1978	400 to 17,700	8.1
1979	22,900	6.13	6.13	12.26	1979	400 to 22,900	8.1
1980	25,900	6.13	6.13	12.26	1980	400 to 25,900	8.1
1981	29,700	6.65	6.65	13.3	1981	400 to 29,700	9.3
1982	32,400	6.7	6.7	13.4	1982	400 to 32,400	9.35
1983	35,700	6.7	6.7	13.4	1983	400 to 35,700	9.35
1984	37,800	6.7	7.0	13.7	1984	400 to 37,800	11.3
1985	39,600	7.05	7.05	14.1	1985	400 to 39,600	11.8
1986	42,000	7.15	7.15	14.3	1986	400 to 42,000	12.3
1987	43,800	7.15	7.15	14.3	1987	400 to 43,800	12.3
1988	45,000	7.51	7.51	15.02	1988	400 to 45,000	13.02
1989	48,000	7.51	7.51	15.02	1989	400 to 48,000	13.02
1990	51,300	7.65	7.65	15.3	1990	400 to 51,300	15.3
1991	53,400	6.2	6.2	12.4	1991	400 to 53,400	12.4
*1991	125,000	1.45	1.45	2.9	1991	400 to 125,000	2.9
1992	55,500	6.2	6.2	12.4	1992	400 to 55,500	12.4
*1992	130,200	1.45	1.45	2.9	1992	400 to 130,200	2.9
1993	57,600	6.2	6.2	12.4	1993	400 to 57,600	12.4
*1993	135,000	1.45	1.45	2.9	1993	400 to 135,000	2.9
1994	60,600	6.2	6.2	12.4	1994	400 to 60,600	12.4
*1994	unlimited	1.45	1.45	2.9	1994	unlimited	2.9
1995	61,200	6.2	6.2	12.4	1995	400 to 61,200	12.4
*1995	unlimited	1.45	1.45	2.9	1995	unlimited	2.9
1996	62,700	6.2	6.2	12.4	1996	400 to 62,700	12.4
*1996	unlimited	1.45	1.45	2.9	1996	unlimited	2.9
1997	65,400	6.2	6.2	12.4	1997	400 to 65,400	12.4
*1997	unlimited	1.45	1.45	2.9	1997	unlimited	2.9
1998	68,400	6.2	6.2	12.4	1998	400 to 68,400	12.4
*1998	unlimited	1.45	1.45	2.9	1998	unlimited	2.9
1999	72,600	6.2	6.2	12.4	1999	400 to 72,600	12.4
*1999	unlimited	1.45	1.45	2.9	1999	unlimited	2.9

\*Medicare hospital insurance (HI) has been separated for 1991 and after.

**12      *FUTA Tax Rate Table***

Federal Unemployment Tax–FUTA			
Year	Number of Employees	Maximum Wages	Rate%
1973	1 or more	4,200	3.28
1974	1 or more	4,200	3.2
1976	1 or more	4,200	3.2
1977	1 or more	4,200	3.4
1978	1 or more	6,000	3.4
1979	1 or more	6,000	3.4
1980	1 or more	6,000	3.4
1981	1 or more	6,000	3.4
1982	1 or more	6,000	3.4
1983	1 or more	7,000	3.5
1984	1 or more	7,000	3.5
1985- 1999	1 or more	7,000	6.2